



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

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Second District

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Third District

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Fifth District

December 11, 2007

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

SACRAMENTO UPDATE

Special Session on Health Care Reform

While official language for the proposed Health Care Reform package has not yet been released, according to our Sacramento advocates and other affected groups the Administration and Assembly leadership are close to a deal. The Assembly is scheduled for a check-in session on December 13, 2007, and as of this writing, there is no information on the Senate's plans.

As it appears that an agreement is within reach, negotiations in Sacramento are constantly changing and many issues of County interest remain unresolved. One issue in particular is of immense fiscal concern. It would change the protections afforded to counties under Proposition 1A of 2004, the Protection of Local Government Revenues Act.

Presently, Proposition 1A, Section 6 of Article XIII B of the California Constitution, requires the State to provide funding to counties for the costs of newly mandated programs or expanded programs, except in certain limited circumstances. This protection against unfunded mandates presently applies to health care services as well as other governmental benefits. However, a proposal circulating in Sacramento could significantly limit this protection as it relates to health care services.

Based on our initial review, the proposed language would exempt indigent health related costs from ever being considered as a reimbursable mandate. The proposed constitutional amendment also would allow the State to transfer back to the counties any responsibility for indigent care that the counties had as of January 1, 2008 without providing any funding for these services and eliminate the county option to pursue reimbursement through the mandate process. Moreover, if the costs of providing coverage to the indigent under health care reform exceed the State's expectations, the State has the discretion to transfer the costs back to the counties without supportive funding. In addition, the proposed language would allow the State to expand the counties' responsibilities for indigent care between now and the first of the year without providing any funding.

Finally, the proposed language will set a precedent that undermines local government's Constitutional protections. Auditor-Controller and County Counsel staff have reviewed the proposed language and concur with our review.

Therefore, consistent with your Board's action of August 10, 2004 to support and actively work for the passage of Proposition 1A which protects local funding for public safety, health, libraries, parks and other locally delivered services, **our Sacramento advocates will work to eliminate these provisions from any Health Care Reform legislation under consideration. Our advocates will continue to work with CSAC, the California Association of Public Hospitals, labor, and other groups in pursuit of this objective.**

We will continue to keep you advised.

WTF:GK
MAL:MR:hg

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants